

# Senate File 2163 - Introduced

SENATE FILE 2163

BY SODDERS

## A BILL FOR

1 An Act relating to the calculation of the amount of the child  
2 and dependent care tax credit, and including effective date  
3 and retroactive applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.12C, subsection 1, unnumbered  
2 paragraph 1, Code 2014, is amended to read as follows:

3 The taxes imposed under this division, less the amounts  
4 of nonrefundable credits allowed under this division, shall  
5 be reduced by a child and dependent care credit equal to the  
6 following percentages of the federal child and dependent care  
7 credit provided in section 21 of the Internal Revenue Code,  
8 without regard to whether or not the federal credit was limited  
9 by the taxpayer's federal tax liability:

10 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of  
11 immediate importance, takes effect upon enactment.

12 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies  
13 retroactively to January 1, 2012, for tax years beginning on  
14 or after that date.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with  
17 the explanation's substance by the members of the general assembly.

18 This bill relates to the Iowa child and dependent care tax  
19 credit available against the individual income tax. The Iowa  
20 child and dependent care tax credit is a refundable credit  
21 calculated as a percentage of the nonrefundable federal child  
22 and dependent care tax credit, depending on the Iowa net income  
23 of the taxpayer.

24 Iowa Administrative Code 701-42.15(1), which governs the  
25 computation of the Iowa credit, was amended in 2012 to specify  
26 that for taxpayers whose federal credit is limited to their  
27 federal tax liability, the Iowa credit shall be computed  
28 based on the lesser amount. In other words, the amount of  
29 the Iowa credit is limited to a percentage of the federal  
30 credit actually claimed against federal tax liability, not  
31 a percentage of the total federal credit the taxpayer was  
32 eligible to claim against federal tax liability.

33 The bill amends Code section 422.12C to provide that the  
34 Iowa credit will be calculated as a percentage of the federal  
35 credit, whether or not the federal credit was limited by the

1 taxpayer's federal tax liability.

2     The bill takes effect upon enactment and applies  
3 retroactively to January 1, 2012, for tax years beginning on  
4 or after that date.